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United States Senate

SELECT COMMITTEE ON INTELLIGENCE
WASHINGTON, DC 20510

Executive Registry

86- 5518X

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November 28, 1986

The Honorable William J. Casey
Director of Central Intelligence
Washington, D.C. 20505

Dear Bill:

The recent disclosures regarding provision of arms to Iran and funding of support for anti-Sandinista forces in Central America have, as the President stated on November 25th, raised serious questions of propriety. We appreciate the Administration's offer to cooperate with the Senate Select Committee on Intelligence in looking into this matter.

The Select Committee has formally initiated an investigation to determine the extent of and authorization for U.S. intelligence activities in connection with the sale of arms to Iran and use of the proceeds to support anti-Sandinista forces in Central America. The Committee will consider, if appropriate, changes in laws and regulations or in the organization and mission of components of the U.S. government regarding intelligence activities and notification of the Congress. The investigation encompasses all officials and entities of the U.S. government involved in intelligence activities, including the National Security Council and its staff. Our inquiry will focus on laws and regulations normally enforceable by internal and external oversight.

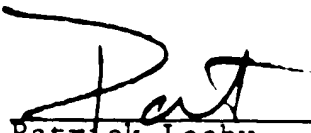
We look forward to your cooperation to ensure that the CIA and other components of the Intelligence Community make available promptly the necessary witnesses, documents, and other information. In particular, the Committee requests that no documents or other materials that may relate directly or indirectly to this investigation be destroyed or otherwise removed from custody of the U.S. government until the inquiry is completed. The Committee asks that personnel of the CIA and other components of the Intelligence Community be permitted to testify under oath in this investigation. The Committee further requests that the CIA and other elements of the Intelligence Community provide access to their personnel and records for the purpose of this investigations. Certain materials may be subpoenaed.

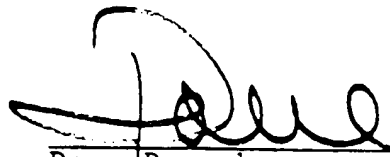
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We want to assure you that, as provided in Senate Resolution 400, 94th Congress, and Section 501 of the National Security Act of 1947, the Committee will protect from unauthorized disclosure all classified information obtained in this investigation. The Committee recognizes fully the importance of protecting sensitive intelligence sources and methods. We believe an expeditious investigation by this Committee is the best way to protect national security interests while responding to legitimate concerns of the Senate and the American people.

We hope that our investigation will help bring the Executive branch and the Congress closer together in our common efforts to serve the interests of our Nation.

Sincerely,

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Patrick Leahy
Vice Chairman


Dave Durenberger
Chairman

David Martin Segment
CBS News
8 December 1986

Intro -- Dan Rather

Until he was fired a few days ago, Oliver North participated in a government group called the "208 Committee." This group was designed, so it is claimed, to hide money for help to the Nicaraguan rebels. Several congressional investigators have told CBS that they are looking into this group's activities.

Tonight, an exclusive report from Pentagon news correspondent David Martin on the origins of the secret -- and possibly illegal -- diversion of cash and other aid to Nicaraguan anti-Marxist rebels, how much of it may have started more than three years ago, and who may have started it.

David Martin

In June of 1983, the Pentagon and CIA drew up a plan to stockpile military equipment in case Congress voted to cut off aid to the contras. Although the CIA denies it, military officers working on the program say it was ordered by the President.

The project was nicknamed "Elephant Herd." The CIA prepared a list of \$32 million worth of military equipment it wanted the Pentagon to supply. Military officers called it the "Christmas List" because it contained more than the contras could use at the time. Since Congress had already placed limits on what the CIA could spend in Central America, the plan called for the Pentagon to foot the bill. The Pentagon refused, although it did declare three small planes surplus and gave them to the CIA. The rest of the "Christmas List" was sharply pruned to about \$10 million worth of boots, uniforms and cannons, which the CIA paid for and shipped to the contras.

Two sources say Lt. Col. Oliver North, of the National Security Council staff, worked directly with the CIA on "Operation Elephant Herd."

Another officer involved in the operation, Army Col. James Longhoffer, a decorated combat veteran, was serving as the liaison between the CIA and the Army. Earlier this year, Longhoffer was convicted by a Court Martial on charges stemming from an Army claim that he had "failed to properly supervise secret operations." He was sentenced to a year at hard labor in Fort Leavenworth prison, but last month, in a move lawyers called "unprecedented," the Court of Military Review ordered Longhoffer released pending an appeal of his conviction.

Film clip of interview with Longhoffer

Q: (reporter) Did you expect to get out?

A: (Longhoffer) I was surprised, but I am very happy that the decision was in our favor.

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David Martin

The court ordered Longhoffer's release on November 25, 1986, the same day his former colleague in "Operation Elephant Herd," Lt. Col. North, was fired -- charged with conducting unauthorized secret operations; again, to help the contras.

Longhoffer's lawyers said the timing of the release was just a coincidence. Today, the CIA said that anyone who thought "Project Elephant Herd" was ordered by the President, was mistaken.

Dan Rather

That was three years ago. What does it tell us about the current charges of illegality?

David Martin

It says that in 1983 the Reagan administration was looking for ways to get around congressional restrictions on aid to the contras. Then, the bureaucracy stopped it from happening -- but now it should come as no surprise when Oliver North is ordered to keep helping the contras in 1986 that he decides to go outside the bureaucracy and use the profits from the arms sales to keep the contras fighting.

(Dan Rather -- Thanks to investigative producer Howard Rosenberg for his help in preparing that report.)